

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MCKINNEY WATER)	
DISTRICT OF LINCOLN AND CASEY COUNTIES,)	
KENTUCKY, FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2000-296
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On June 12, 2000, McKinney Water District ("McKinney District") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$1,527,500 waterworks improvement project. This project consists of the construction water mains to serve approximately 28 roads in Lincoln County to provide service to approximately 154 new customers. Project funding consists of a \$550,000 loan from the U.S. Department of Agriculture's Rural Development ("RD"), a \$338,900 grant from the RD, a \$424,600 Community Development Block Grant, a \$5,000 contribution from Lincoln County Fiscal Court, a \$175,000 grant from the Appalachian Regional Commission and a \$34,000 contribution from the applicant.

McKinney District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U. S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30

days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on June 12, 2000, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. McKinney District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. McKinney District's proposed plan of financing with RD is accepted.

3. McKinney District is authorized to issue bonds not to exceed \$550,000.

4. McKinney District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

6. McKinney District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), McKinney District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

7. McKinney District shall notify the Commission one week prior to the actual start of construction and at the fifty percent completion point.

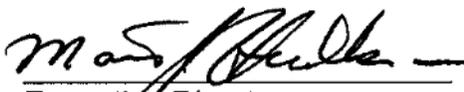
8. Three years from the effective date of this Order, McKinney District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 11th day of July, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2000-296 DATED JULY 11, 2000

The following rates and charges are prescribed for the customers in the area served by McKinney Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	1,000 gallons	\$ 12.79	Minimum bill
Next	2,000 gallons	4.50	per 1,000 gallons
Next	7,000 gallons	3.84	per 1,000 gallons
Over	10,000 gallons	3.12	per 1,000 gallons